

AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Rincon Valley Fire District
Reporting Ambulance Service

Address: 14550 E Sands Ranch Road
City: Vail Zip: 85641

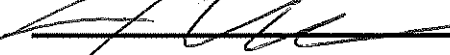
Report Fiscal Year

From: July 1, 2014 To: June 30, 2015
Mo. Day Year Mo. Day Year

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature:  Date: December 23, 2015
Print Name and Title: Jayme Kahle, Fire Chief
Phone: 520-647-3760

Mail to:

Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Rincon Valley Fire District

FOR THE PERIOD

FROM: July 1, 2014

TO: June 30, 2015

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			380	380
2	Number of BLS Billable Transports:			196	196
3	Number of Loaded Billable Miles:			12,276	12,276
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue			\$	534,730
7	BLS Base Rate Revenue				276,486
8	Mileage Charge Revenue				240,545
9	Waiting Charge Revenue				
10	Medical Supplies Charge Revenue				
11	Nurses Charge Revenue				
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 1,051,761

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

** No. of FTE's

14	Management		\$	35,854	0.5
15	Paramedics and IEMTs		\$	323,557	8.5
16	Emergency Medical Technician (EMT)		\$	293,538	8.5
17	Other Personnel		\$	15,306	0.5
18	Payroll Taxes and Fringe Benefits - All Personnel		\$	207,165	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)		\$	875,420	18

* This column reports only those runs where a contracted discount rate was applied.

** Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Rincon Valley Fire District

FOR THE PERIOD

FROM:

July 1, 2014

TO:

June 30, 2015

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ 1,051,761
<u>Settlement Amounts:</u>			
2	AHCCCS		48,746
3	Medicare		342,300
4	Subscription Service		
5	Contractual		
6	Other		80,680
7	Total	(Sum of Lines 2 through 6)	471,726
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ 580,035
Operating Expenses:			
9	Bad Debt		\$ 50,133
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	875,420
11	Professional Services		46,775
12	Travel and Entertainment		
13	Other General Administrative		23,955
14	Depreciation		24,576
15	Rent / Leasing		
16	Building / Station		16,888
17	Vehicle Expense		23,130
18	Other Operating Expense		39,099
19	Cost of Medical Supplies Charged to Patients		
20	Interest		71,953
21	Subscription Service Sales Expense		
22	Total Operating Expense	(Sum of Lines 9 through 21)	1,171,929
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ (591,894)
24	Subscription Contract Sales		
25	Other Operating Revenue		
26	Local Supportive Funding		591,894
27	Other Non-Operating Income (Attach Schedule)		
28	Other Non-Operating Expense (Attach Schedule)		
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ -
Provision for Income Taxes:			
30	Federal Income Tax		N/A
31	State Income Tax		N/A
32	Total Income Tax	(Line 30, plus Line 31)	N/A
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	-

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: RINCON VALLEY FIRE DISTRICT

FOR THE PERIOD FROM: July 1, 2014 TO: June 30, 2015

BALANCE SHEET

Current audited financial statements may be submitted in lieu of these pages.
SEE ATTACHED

ASSETS

CURRENT ASSETS

1	Cash	\$	_____	
2	Accounts Receivable		_____	
3	Less: Allowance for Doubtful Accounts		_____	
4	Inventory		_____	
5	Prepaid Exper		_____	
6	Other Current Assets		_____	
7	TOTAL CURRENT ASSETS			\$ _____

9	PROPERTY & EQUIPMENT		_____	
10	Less: Accumulated Depreciation		_____	

11	OTHER NON CURRENT ASSETS		_____	
----	--------------------------------	--	-------	--

12	TOTAL ASSETS			\$ _____
----	--------------------	--	--	----------

LIABILITIES & EQUITY

CURRENT LIABILITIES

13	Accounts Payable	\$	_____	
14	Current Portion of Notes Payable		_____	
15	Current Portion of Long-Term Debt		_____	
16	Deferred Subscription Income		_____	
17	Accrued Expenses and Other		_____	
18	_____		_____	
19	_____		_____	
20	TOTAL CURRENT LIABILITIES			\$ _____

21	NOTES PAYABLE		_____	
22	LONG-TERM DEBT, OTHER		_____	
23	TOTAL LONG-TERM DEBT			_____

EQUITY & OTHER CREDITS

Paid-In Capital:

24	Common Stock		_____	
25	Paid-In Capital in Excess of Par Value		_____	
26	Contributed Capital		_____	
27	Retained Earnings		_____	
28	_____		-	
29	_____		-	
30	Fund Balance		-	
31	TOTAL EQUITY			_____

32	TOTAL LIABILITIES & EQUITY			\$ _____
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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY:

RINCON VALLEY FIRE DISTRICT

FOR THE PERIOD

FROM:

July 1, 2014

TO:

June 30, 2015

STATEMENT OF CASH FLOWS

Current audited financial statements may be submitted in lieu of these pages.

SEE ATTACHED

OPERATING ACTIVITIES:

1 Net (loss) Income \$ _____

Adjustments to Reconcile Net Income to Net Cash

Provided by Operating Activities: Note: a increase in these accounts improves cash flow

2 Depreciation Expense _____

3 Deferred Income Tax _____

4 Loss (gain) on Disposal of Property & Equipment _____

(Increase) Decrease in: Note: a decrease in these accounts improves cash flow

5 Accounts Receivable _____

6 Inventories _____

7 Prepaid Expenses _____

Increase (Decrease) in: Note: a increase in these accounts improves cash flow

8 Accounts Payable _____

9 Accrued Expenses _____

10 Deferred Subscription Income _____

11 NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES \$ _____

INVESTING ACTIVITIES:

12 Purchases of Property & Equipment _____

13 Proceeds from Disposal of Property & Equipment _____

14 Purchases of Investments _____

15 Proceeds from Disposal of Investments _____

16 Loans Made _____

17 Collections on Loans _____

18 Other _____

19 NET CASH PROVIDED (Used) BY INVESTING ACTIVITIES _____

FINANCING ACTIVITIES:

New Borrowings:

20 Long-Term _____

21 Short-Term _____

Debt Reduction:

22 Long-Term _____

23 Short-Term _____

24 Capital Contributions _____

25 Dividends Paid \$ _____

26 NET CASH PROVIDED (Used) BY FINANCING ACTIVITIES _____

27 NET INCREASE (Decrease) IN CASH _____

28 CASH AT BEGINNING OF YEAR _____

29 CASH AT END OF YEAR _____

SUPPLEMENTAL DISCLOSURES:

Non-cash Investing and Financing Transactions:

30 _____

31 _____

32 _____

33 Interest Paid (Net of Amounts Capitalized) _____

34 Income Taxes Paid \$ _____

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RINCON VALLEY FIRE DISTRICT

YEAR ENDED JUNE 30, 2015

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RINCON VALLEY FIRE DISTRICT
YEAR ENDED JUNE 30, 2015

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Independent Auditors' Report

Governing Board and Management
Rincon Valley Fire District
Vail, Arizona

We have audited the accompanying statement of cash receipts and disbursements and changes in cash and cash equivalents of Rincon Valley Fire District for the year ended June 30, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective changes in cash basis financial position of Rincon Valley Fire District for the year ended June 30, 2015 in accordance with the cash basis of accounting described in Note 1.

BeachFleischman PC • beachfleischman.com

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Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Rincon Valley Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rincon Valley Fire District's internal control over financial reporting and compliance.

Beach Fleishman PC

Tucson, Arizona
September 16, 2015

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RINCON VALLEY FIRE DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN CASH AND CASH EQUIVALENTS

YEAR ENDED JUNE 30, 2015

	General fund	Capital projects	Debt service	Total governmental funds
Cash receipts:				
Property taxes	\$ 2,592,047	\$ -	\$ 572,847	\$ 3,164,894
Fire district assistance tax	397,285	-	-	397,285
Charges for services	516,802	-	-	516,802
Grants and contributions	49,741	-	-	49,741
Rental income	13,890	-	-	13,890
Interest on investments	6,398	941	1,462	8,801
Other	1,437	-	-	1,437
Total cash receipts	<u>3,577,600</u>	<u>941</u>	<u>574,309</u>	<u>4,152,850</u>
Cash disbursements:				
Salaries and wages	2,164,421	-	-	2,164,421
Employee taxes and benefits	683,767	-	-	683,767
Administration	30,913	-	-	30,913
Professional services	61,221	-	-	61,221
Utilities and communications	99,941	-	-	99,941
Insurance	42,794	-	-	42,794
Repairs and maintenance	159,201	-	-	159,201
Capital outlay:				
Improvements	7,388	-	-	7,388
Fire equipment	13,123	-	-	13,123
Vehicles	-	341,517	-	341,517
Debt service:				
Principal retirement	-	-	355,000	355,000
Interest and fiscal charges	-	-	221,394	221,394
Total cash disbursements	<u>3,262,769</u>	<u>341,517</u>	<u>576,394</u>	<u>4,180,680</u>
Receipts over (under) disbursements	<u>314,831</u>	<u>(340,576)</u>	<u>(2,085)</u>	<u>(27,830)</u>
Other financing sources (uses):				
Transfers in (out)	(214,803)	214,803	-	-
Proceeds from sale of equipment	5,600	-	-	5,600
Total other financing sources (uses)	<u>(209,203)</u>	<u>214,803</u>	<u>-</u>	<u>5,600</u>
Net change in cash and cash equivalents	105,628	(125,773)	(2,085)	(22,230)
Cash and cash equivalents, beginning of year	<u>1,703,381</u>	<u>188,546</u>	<u>61,580</u>	<u>1,953,507</u>
Cash and cash equivalents, end of year	<u>\$ 1,809,009</u>	<u>\$ 62,773</u>	<u>\$ 59,495</u>	<u>\$ 1,931,277</u>

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See notes to financial statements.

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RINCON VALLEY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

1. Description of organization and summary of significant accounting policies:

Rincon Valley Fire District (the District) was formed in 1985 by residents of the southeast metropolitan Tucson area to ensure that the community receives consistent, high-quality emergency services at a reasonable cost. Since its inception, the District has provided increasingly higher levels of fire protection and emergency medical services to a rapidly growing population. The District, established pursuant to Arizona Revised Statute Title 48, is a special-purpose local government and derives the majority of its cash receipts from property tax levies.

Reporting entity:

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Basis of accounting:

The cash basis of accounting is followed by the District. The cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Revenue is recorded in the period cash is received. Amounts received and held by Pima County, Arizona (the County) for the benefit of the District are reflected as revenue when received by the County; consequently, the financial statements do not reflect accounts receivable, including billings for emergency medical services and property taxes. Expenditures are recorded in the period they are paid; consequently, the financial statements do not reflect expenditures paid in advance of services provided or goods received, prepaid assets or inventory, and do not reflect expenditures incurred but not yet paid, accounts payable, accrued payroll and accrued employee benefits.

Fund accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Each fund is considered a separate accounting entity and its operations are accounted for in a separate set of self-balancing accounts, as follows:

The general fund accounts for all financial resources used to finance District services except those required to be accounted for in another fund.

The capital projects fund accounts for resources to be used for acquiring and constructing major capital facilities and other capital assets.

The debt service fund accounts for resources accumulated to pay principal and interest on the District's bonds payable.

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RINCON VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

1. Description of organization and summary of significant accounting policies (continued):

Cash and investments:

The District considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents. Investments maintained in the Pima County Investment Pool are carried at cost, which approximates fair value, and can be liquidated as needed.

The District places its cash and investments with various credit institutions. At times, such investments may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and investments.

Property tax receipts:

Real and personal property taxes are levied on or before the third Monday in August that become due and payable in two equal installments. The County also levies a fire district assistance tax on taxable property in the County, which is allocated to the various districts. Each District receives fire district assistant tax equal to twenty percent of the District's adopted property tax levy for the year, limited to \$400,000.

The first installment for taxes is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Pima County and remitted to the District. Property taxes are reflected as cash receipts in the year they are received.

Ambulance service receipts:

The District provides emergency medical services within the same geographic region as it provides fire prevention and suppression services. Cash receipts from such emergency medical and transportation services are recognized as charges for services. These charges for services are recorded when payments are received from patients, third-party payers and others and are net of any contractual adjustments.

Fund balance:

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints
- **Restricted** – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation

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RINCON VALLEY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

1. Description of organization and summary of significant accounting policies (continued):

Fund balance (continued):

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, the Governing Board
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board
- Unassigned – includes positive fund balance within the general fund, which has not been classified within the above mentioned categories, and negative fund balances in other governmental funds

The District applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The following is a breakdown of the District's cash basis fund balance at June 30, 2015:

Unassigned	\$ 1,809,009
Committed for capital projects	62,773
Restricted for debt service	<u>59,495</u>
	<u>\$ 1,931,277</u>

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the General Fund must legally adopt an annual budget.

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RINCON VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

2. Cash and investments:

Cash and investments consist of the following:

Deposits:

Operating accounts	\$ 191,632
--------------------	------------

Investments:

Pima County Treasurer investment pool	<u>1,739,645</u>
	<u>\$ 1,931,277</u>

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona's counties, cities, towns, school districts and special districts as specified by statute.

Deposits:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The Arizona Revised Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

At year end, deposits with financial institutions have a carrying value of \$191,632 and a bank balance of \$247,315. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2015.

Investments:

Currently, monies levied by the District are invested with the Pima County Treasurer's Office and included in the Local Government Investment Pool (LGIP). The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. No oversight is provided for the Pima County investment pool, nor does the structure of the pool provide for shares. The investments are unrated. Disbursements are made by warrants to the District's operating account.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk for investments. However, the Arizona Revised Statutes have the following requirements:

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RINCON VALLEY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

2. Cash and investments (continued):

Investments (continued):

Credit risk -

- Commercial Paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
- Corporate bonds, debentures and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
- Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk - the District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk - The Arizona Revised Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that the public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments.

3. Interfund transfers:

Interfund transfers are used to transfer funds from the general fund to the capital projects fund for current or future capital purchases.

4. Risk management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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RINCON VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

5. Rental receipts:

The District entered into a joint use agreement with Pima County for modifications to an existing communications tower on the grounds of one of the District's fire stations. Rent received under this agreement during 2015 was \$13,890.

The future minimum rents to be received are as follows:

Year ending <u>June 30,</u>	
2016	\$ 14,280
2017	15,000
2018	15,000
2019	15,000
2020	15,000
Thereafter	<u>210,000</u>
	<u>\$ 284,280</u>

6. General obligation bonds:

The District, pursuant to a special bond election in 2007, received voter approval to issue up to \$17,000,000 in general obligation debt to construct new fire stations and to acquire apparatus.

Series A (2008):

The Series 2008A General Obligation Bonds were issued by the District in the aggregate amount of \$5,065,000. The interest rate ranges from 2.75% to 3.82% and the bonds mature July 1, 2022.

Series B (2011):

The Series 2011B General Obligation Bonds were issued by the District in the aggregate amount of \$1,650,000. The interest rate ranges from 4.86% to 5.25% and the bonds mature July 1, 2030.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

6. General obligation bonds (continued):

Future principal and interest payments are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 370,000	\$ 209,856	\$ 579,856
2017	385,000	195,981	580,981
2018	400,000	180,581	580,581
2019	415,000	164,581	579,581
2020	430,000	147,981	577,981
2021 - 2025	1,450,000	497,506	1,947,506
2026 - 2030	1,115,000	203,113	1,318,113
	<u>\$ 4,565,000</u>	<u>\$ 1,599,599</u>	<u>\$ 6,164,599</u>

7. Commitments:

Intergovernmental agreements:

The District is party to a variety of intergovernmental agreements entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the District is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements.

Purchase commitments:

As of June 30, 2015, the District has entered into an agreement to purchase an ambulance for approximately \$165,000. Payment is due at the time of delivery, which occurred in July 2015.

8. Concentrations:

The District generally receives approximately 86% of its cash receipts from property taxes. A change in land value due to downturn in the housing market or poor economic conditions could have a significant impact on the District.

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RINCON VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

9. Public Safety Personnel Retirement System (PSPRS):

Plan description:

PSPRS is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4.

Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing the Plan at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

Funding policy:

The Arizona State Legislature establishes and may amend active plan members' contribution rates, as well as the rates applicable to the District.

For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05% of the members' annual covered payroll and the District was required to contribute 12.95%, the aggregate of which is the actuarially required amount.

Annual pension cost:

The District's pension cost for the PSPRS plan for the year ended June 30, 2015 was \$240,928, all of which was contributed during 2015.

Funded status:

The funded status of the plan as of the most recent valuation date, June 30, 2014 is as follows:

	<u>Pension insurance</u>	<u>Health insurance</u>
Actuarial accrued liability (a)	\$ 4,157,751	\$ 154,195
Actuarial value of assets (b)	\$ 4,128,286	135,911
Unfunded actuarial accrued liability (a) - (b)	\$ 29,465	\$ 18,284
Funded ratio (b) / (a)	99.3 %	88 %
Covered payroll (c)	\$ 1,842,968	\$ 1,842,968
Unfunded actuarial accrued liability as a percentage of covered payroll $[(a) - (b)] / (c)$	1.6 %	0.99 %

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RINCON VALLEY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

10. Deferred compensation plan:

The District sponsors a 457(b) deferred compensation plan for all full-time District personnel. The District can make discretionary contributions to the plan for employees not eligible to participate in PSPRS. Employees are immediately vested in employer contributions to the plan. During the year ended June 30, 2015, discretionary contributions to the plan by the District totaled \$16,321.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Governing Board and Management
Rincon Valley Fire District
Vail, Arizona

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of cash receipts and disbursements and changes in cash and cash equivalents of Rincon Valley Fire District for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon dated September 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beach Fleishman PC

Tucson, Arizona
September 16, 2015

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Independent Auditors' Report

Governing Board and Management
Rincon Valley Fire District
Vail, Arizona

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of cash receipts and disbursements and changes in cash and cash equivalents of Rincon Valley Fire District for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon dated September 16, 2015.

In connection with our audit, nothing contrary came to our attention that caused us to believe that Rincon Valley Fire District failed to comply with the provisions of section 48-805, subsection B, section 48-806, section 48-807, and section 48-805.02, subsection F as required pursuant to section 48-805.02, subsection G of the Arizona Revised Statutes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced conditions of the Statute, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Governing Board and management of Rincon Valley Fire District and the State of Arizona is not intended to be and should not be used by anyone other than these specified parties.

BeachFleischman PC

Tucson, Arizona
September 16, 2015

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